

BILL # HB 2772

TITLE: adoption subsidies; tutoring

SPONSOR: Murphy

STATUS: As Introduced

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FISCAL ANALYSIS

Description

This bill expands the definition of special needs that qualify a child for an adoption subsidy to include disruption of education caused by multiple out-of-home placements. It also mandates the provision of tutoring if the child is working below grade level in at least one core subject and allows tutoring if it is necessary to keep the child working at grade level.

Estimated Impact

This bill is estimated to cost \$1.7 million to \$2.4 million in FY 2008 due to the mandatory tutoring provisions. This cost would decline in future years as tutoring brings students to grade level. The full cost of these services would likely be borne by the General Fund.

The Department of Economic Security (DES) does not have an estimate of the cost of this bill.

Analysis

Currently, DES provides a subsidy to adoptive families of children if they have specific, defined special needs. For FY 2008, it is estimated that 10,700 children will receive these subsidies at an average cost to the state of \$4,225. The individual costs depend on the needs of the child and adoptive family, but are generally limited to no more than the payment received as a foster child. While this bill does expand the definition of eligible special needs to include certain educational needs, this expanded definition is unlikely to produce a significant cost. Since the disruption of education must be caused by multiple out-of-home placements, this expansion would be limited to children involved in the Child Protective Services (CPS) system. DES reports that 98% of these children are already eligible under the current criteria for adoption subsidies. Also, one of the current definitions of special needs is age 6 or older. Therefore, the adoption of school-aged children is already covered by the definition.

The provision mandating tutoring services for children working below grade level because of multiple out-of-home placements, however, will have a fiscal impact. DES does not currently track the number of adopted children working below grade level. The Arizona Department of Education (ADE) reports that between 48% and 53% of all 2nd and 9th grade students perform below the national average in reading and math. While this is not a perfect proxy for students performing below grade level, a 50% rate does not seem unreasonable considering that children who change schools multiple times could have low performance.

DES tracks the number of out-of-home placements prior to adoption. DES reports that 70% of recent adoptions from the DES system had more than one placement prior to adoption. DES also reports that in 43% of recent adoptions the children were school-aged. By applying these percentages to the total population, we can estimate that there are 3,640 school-aged adoptions, of which 2,550 have had multiple out-of-home placements. If 50% of these adoptions are performing below grade level, the caseload for this program would be 1,275 children.

A search of private tutoring providers indicated a price range of \$38 to \$52 per hour. One company stated that they can raise the level at which a child is working by 1 grade level in a core subject in 36 hours. Using these assumptions, the cost per child would be between \$1,368 and \$1,872, with a total cost for the potential 1,275 adoptions of between \$1,744,200 and \$2,386,800 in the first year. Actual costs would depend on the rate at which DES reimburses tutoring services.

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As the existing population receives tutoring services and improves to grade level, the impact of mandatory tutoring services would be limited to new adoptions entering the system. This would result in lower mandatory tutoring costs in future years. If future year costs were limited to new adoptions, the estimated ongoing cost would be between \$307,800 and \$421,200 for 225 new children each year.

The bill does not specify whether this service would be provided as part of the monthly maintenance payment or as an additional service. DES has indicated that this service is unlikely to qualify for federal participation if it is outside of the standard monthly maintenance payment. While adoption maintenance payments have some federal participation in the cost, the amount of the participation is limited by the amount received for the child as a foster care subsidy. As maintenance payments are generally close to or at this level, it is unlikely that the additional tutoring costs could receive federal participation even if they were folded into the maintenance payment. Therefore, the full cost would likely be borne by the state.

Local Government Impact

None.

2/27/07